

When the reserve fund equals the greater of either 10% of the amount paid in on shares by members or 10% of the total amount of outstanding loans to members, there shall be transferred thereafter to the reserve fund only the amount necessary to maintain the reserve fund at the greater of either 10% of the amount paid in on shares by members, or 10% of the total amount of outstanding loans to members, after losses have been charged against the fund.—~~—~~ BEGINNING JULY 1, 1978 AT THE END OF EACH ACCOUNTING PERIOD THE GROSS INCOME SHALL BE DETERMINED. FROM THIS AMOUNT THERE SHALL BE SET ASIDE AS A REGULAR RESERVE AGAINST LOSSES ON LOANS AND AGAINST SUCH OTHER LOSSES AS MAY BE SPECIFIED BY THE BANK COMMISSIONER IN ACCORDANCE WITH THE FOLLOWING SCHEDULE:

(1) A CREDIT UNION IN OPERATION FOR MORE THAN FOUR YEARS AND HAVING ASSETS OF \$500,000 OR MORE SHALL SET ASIDE:

(I) 10 PERCENT OF GROSS INCOME UNTIL THE REGULAR RESERVE EQUALS 4 PERCENT OF THE TOTAL OF OUTSTANDING LOANS AND RISK ASSETS, AND THEN

(II) 5 PERCENT OF GROSS INCOME UNTIL THE REGULAR RESERVE EQUALS 6 PERCENT OF THE TOTAL OUTSTANDING LOANS AND RISK ASSETS.

(2) A CREDIT UNION IN OPERATION LESS THAN FOUR YEARS OR HAVING ASSETS OF LESS THAN \$500,000 SHALL SET ASIDE:

(I) 10 PERCENT OF THE GROSS INCOME UNTIL THE REGULAR RESERVE EQUALS 7 1/2 PERCENT OF THE TOTAL OF OUTSTANDING LOANS AND RISK ASSETS, AND THEN

(II) 5 PERCENT OF GROSS INCOME UNTIL THE REGULAR RESERVE EQUALS 10 PERCENT OF THE TOTAL OF OUTSTANDING LOANS AND RISK ASSETS.

(3) WHENEVER THE REGULAR RESERVE FALLS BELOW THE STATED PERCENT OF THE TOTAL OF OUTSTANDING LOANS AND RISK ASSETS, IT SHALL BE REPLENISHED BY REGULAR CONTRIBUTIONS IN SUCH AMOUNTS AS MAY BE NEEDED TO MAINTAIN THE STATED RESERVED GOALS.

(4) FOR THE PURPOSES OF ESTABLISHING THE RESERVES REQUIRED BY THIS SECTION, ALL ASSETS EXCEPT THE FOLLOWING SHALL BE CONSIDERED RISK ASSETS:

(I) CASH ON HAND.

(II) DEPOSITS AND/OR SHARES IN FEDERALLY AND STATE INSURED BANKS—~~—~~ AND SAVINGS AND LOAN ASSOCIATIONS, ~~AND CREDIT UNIONS.~~

(III) ASSETS WHICH ARE INSURED BY, FULLY GUARANTEED AS TO PRINCIPAL AND INTEREST BY, OR DUE FROM THE U.S. GOVERNMENT, ITS AGENCIES, THE FEDERAL NATIONAL MORTGAGE